

**Amend Section 16302.1 of the Government Code to increase the overpayment amount from “\$10.00 or less” to “\$20.00 or less” on amounts which can be applied to other amounts owed by the taxpayer or deposited to the appropriate fund in the State Treasury. (Housekeeping)**

**Source: Sales and Use Tax Department**

**Existing Law:**

Under existing provisions of the Government Code, a state agency is not required to refund an overpayment of tax, interest, penalties, license or other fees, or any other payment of \$10 or less, unless a claim for refund is filed within the time prescribed by law. Under this provision, amounts of \$10 or less for which a claim for refund is not filed may be disposed of by either 1) applying the amount of overpayment as a payment towards other amounts due to that state agency, or 2) requesting that the amount be deposited in the State Treasury.

Government Code Section 16302.1 was last updated in 1982 to increase the amount from \$5 to \$10 (Stats. 1982, Ch. 700). The Franchise Tax Board sponsored that change due to the fact that costs of refunding overpayments had increased, and the \$10 threshold would more realistically represent a cost efficient operation. The Board of Equalization voted to support the proposed change as well. In the 22 years since that 1982 change, the California Consumer Price Index (CCPI) has increased 94.4%. Applying the change in the CCPI to the existing \$10 threshold would create a new threshold of \$19.44, or \$20.00.

**This Proposal:**

This proposal would increase from \$10 to \$20 the amount that is not required to be refunded absent a claim for refund. This change is necessitated by the increasing costs for government to do business.

Increasing the threshold would eliminate inefficiencies in accounting for these insignificant, unclaimed overpayments, and would allow resources to be re-directed to other high priority projects. In addition, it is important to note that the Board will refund amounts below the threshold if a valid claim for refund is filed within the statutory time frame.

*Section 16302.1 of the Government Code is amended to read:*

16302.1. Whenever any person pays to any state agency pursuant to law an amount covering taxes, penalties, interest, license or other fees, or any other payment, and it is subsequently determined by the state agency responsible for the collection thereof that this amount includes an overpayment of ten

*twenty* dollars (~~\$10~~) (\$20) or less of the amount due the state pursuant to the assessment, levy, or charge to which the payment is applicable, the amount of the overpayment may be disposed of in either of the following ways:

(1) The state agency responsible for the collection to which the overpayment relates may apply the amount of the overpayment as a payment by the person on any other taxes, penalties, interest, license or other fees, or any other amount due the state from that person if the state agency is responsible by law for the collection to which the overpayment is to be applied as a payment.

(2) Upon written request of the state agency responsible for the collection to which the overpayment relates, the amount of the overpayment shall, on order of the Controller, be deposited as revenue in the fund in the State Treasury into which the collection, exclusive of overpayments, is required by law to be deposited.

The State Board of Control may adopt rules and regulations to permit state agencies to retain these overpayments where a demand for refund permitted by law is not made within six months after the refund becomes due, and the retained overpayments shall belong to the state.

Except as provided in the foregoing paragraph, this section shall not affect the right of any person making overpayment of any amount to the state to make a claim for refund of the overpayment, nor the authority of any state agency or official to make payment of any amount so claimed, if otherwise authorized by law.